



Government
Internal Audit
Agency

ARAC Effectiveness

ARAC Members Think Piece

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Cross-government Insights





Introduction

Effective governance lies at the heart of strong public sector performance. **Audit and Risk Assurance Committees (ARACs)** play a vital role in supporting this across government departments. ARAC effectiveness relies on having knowledgeable, independent members who can challenge constructively, and build a strong, open relationship with senior management and the wider organisation.

Despite their pivotal role, ARACs face a range of challenges. Common issues include unclear reporting lines, inconsistent access to information, risk management, and duplication between internal and external audit activities. Members may struggle to stay informed about emerging risks, and new chairs or members can find it difficult to build networks and share best practice. Resource constraints and differing organisational cultures can also hamper communication and risk management.

Recognising the importance of continual improvement, the Government Internal Audit Agency (GIAA) has brought together two parallel strands of work into a single briefing. The strands were:

- **in-depth interviews with departmental ARAC chairs** facilitated by **Paul Smith, MoJ ARAC Chair**, and
- **a thorough analysis of over fifty department and ALB effectiveness reports**, the findings of which were discussed in two focus groups and a survey of ARAC chairs.

This report presents the key findings and insights from both streams of work, in advance of the ARAC members' event in November '25. The perspectives of ARAC chairs offer a nuanced understanding of the challenges and opportunities facing committees today, while the analysis of effectiveness reviews and workshop feedback provides a broader view of current practice and challenges facing arm's length bodies (ALBs) and potential solutions to some systemic challenges.

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Strengthening ARACs, ensuring good governance

As the public sector continues to navigate a complex risk landscape, the insights in this report can be valuable for public bodies seeking to strengthen their assurance frameworks. The insights captured should help inform ongoing efforts to ensure ARACs remain fit for purpose, resilient, and responsive to the demands of good governance.

ARAC chairs looking for opportunities to enhance their impact should consider the following:

Optimising internal ways of working

Building robust evaluation and targeted improvement by including effectiveness and impact measures in the ARAC assessment tool.

Streamlining internal and external audit activities to minimise duplication and maximise assurance coverage; or clarity on distinction between work.

ARACs should formalise a mechanism to get feedback from its key stakeholders on its impact.

ARACs should set the agenda on what is reported to ensure key risks and issues are reported to the ARAC.

Critically reviewing reporting processes regularly and using assurance mapping to identify and address blind spots.

ARACs should review their reporting arrangements to ensure efficiency, productivity and system risks are included.

Collaborative changes

Creating an environment of active information sharing among ARAC members and across organisations to spread best practice and keep abreast of emerging risks.

Encouraging joint ARACs between parent departments and ALBs to build system assurance over risks.

Strengthening Permanent Secretary and Accounting Officer accountability for ARAC engagement.

Investing in formal induction, mentoring, and network-building for new ARAC members and chairs to strengthen capability and confidence.

Maintaining open dialogue between ALB ARACs and parent organisations to build mutual understanding and drive continuous improvement.

1. Strengthening the effectiveness review



Enhancing how an ARAC evaluates its own effectiveness offers the opportunity to highlight the committee's overall impact and value to the organisation.

There's a real opportunity to enhance the way that ARACs evaluate their effectiveness. The current approach focuses on complying with guidance and the logistics of an ARAC meeting; reviews could be enhanced to highlight the committee's overall impact and value to the organisation. Incorporating qualitative assessment would give a fuller picture—capturing not just what the ARAC does, but how it influences decision-making, governance, and organisational outcomes. This approach recognises the insight and assurance the committee provides, and how it adds value to the board and organisation.

Stakeholder perspectives are crucial. Input from management, auditors, and others who interact with the ARAC can offer valuable feedback on its performance and contribution. Their views help ensure the committee remains relevant, effective, and responsive to organisational needs.

Some ARAC chairs are already adapting their assessments, using bespoke questions and informal feedback to better understand their committee's impact. This tailored approach supports continuous improvement. Formalising this activity would help all ARACs focus on improvements that add value to all stakeholders. To this end, the self-assessment tool needs further guidance and refinement to include an assessment of ARAC impact.

Bridging the gap – practical steps

Short-term changes for individual ARACs:

- **Include qualitative questions in self-assessment:** Add a small set of open-ended questions to existing self-assessment tools.
- **Seek stakeholder feedback:** Proactively request feedback from management, internal/external auditors, and other key stakeholders after each ARAC cycle. This could be as simple as a short survey or informal interviews.
- **Discuss impact in ARAC meetings:** Dedicate time in meetings to discuss the committee's impact, not just compliance.

Medium-term collaboration between GIAA and NAO:

ARAC members and chairs said that there is scope for the GIAA and NAO to integrate their support more. We will discuss the following with the NAO:

- **Joint development of enhanced self-assessment tool:** GIAA and NAO can work together to design an improved standardised self-assessment tool.
- **Pilot and refine:** Launch pilots across a selection of ARACs and gather feedback to refine the tool before wider rollout.
- **Guidance and training:** Develop joint guidance documents and offer training for ARAC Chairs and Secretaries on how to use the new tool, interpret qualitative feedback and act on findings.

2. Assurance Mapping and deep dives



ARACs can unlock higher impact and focus on priority risks by driving good assurance mapping and targeted deep dives.

A robust assurance framework provides the foundation for effective risk management and organisational oversight. Where assurance mapping is clear, focused and proportionate, ARACs and management can better identify priority risks systematically and target deep dive activity where it will have the greatest impact.

In this context, deep dives become a purposeful outcome of good assurance mapping, focusing attention on areas where assurance is weakest or where risks are most significant. Such targeted deep dives should not only describe risks but rigorously test the effectiveness of mitigations and continuity planning, including the review of 'crystallised' risks to ensure lessons are learned. Clear ownership and consistent application of assurance frameworks are therefore critical to ensuring that deep dive exercises are both meaningful and actionable. ARACs have a role in setting the agenda for both assurance mapping and deep dives.

Bridging the gap – practical steps

- Ensure the assurance framework clearly articulates the **ownership and responsibility** for assurance mapping and deep dive processes.
- Ensure ARACs set **clear expectations** for assurance mapping and deep dives, prioritising areas of greatest risk and / or weakest assurance.
- Enhance the **quality and impact** of deep dives beyond risk description – deep dives should test the effectiveness of risk mitigations and continuity plans.
- **Integrate lessons learned** from crystallised risks into ongoing risk management and assurance processes.
- **Embed assurance frameworks** into organisational governance, ensuring assurance mapping and deep dive findings inform strategic decisions, resource allocation, and organisational planning.

3. Specialist expertise in ARACs



ARACs must adapt to ensure that they have the right mix of expertise to safeguard organisations against evolving risks now and in the future.

ARACs are expected to provide robust oversight across governance, risk, and control, but many struggle to cover specialist areas such as cyber security, digital transformation, AI, and climate change. This is especially acute in smaller bodies, where resources and networks are limited. Skill gaps in these critical domains undermine ARACs' ability to challenge management and can leave key organisational risks unchecked.

ARACs don't need to master every technical detail, but they must be confident in the committee level of expertise or general awareness to critically review management reporting. The challenge is recruitment: specialist skills are in short supply, and current processes often favour generalists over experts. Traditional recruitment methods rarely target these niche capabilities, and the lengthy appointment process can deter those with in-demand expertise.

Bridging the gap – practical steps

Recruiting the right expertise takes time. **Immediate actions** ARACs can take are:

- **Organisation expert:** Tap into internal organisational resources within departmental families for advice and awareness training, recognising the limitations around independence.
- **Leverage AI:** Whilst being mindful of data security consider using generative AI tools to help members identify key questions on specific topics and issues to effectively challenge management.
- **Leverage 3rd line assurance providers:** Engage GIAA and NAO to provide targeted briefings, question sets, and best practice guidance on emerging issues.
- **Committee upskilling:** Run knowledge sessions for existing ARAC members to build awareness of new risks and developments.

Longer-term solutions include:

- **Overhauling recruitment practices** to actively target specialist skills, mirroring successful approaches used to attract financial expertise.
- **Horizon scanning** at both ARAC and government levels to help identify future skill needs and shape recruitment and training accordingly.
- **Streamlining the recruitment process** and considering **co-option of specialist members** to help bridge gaps until permanent appointments are made.

4. Dynamic reporting to the ARAC



Unfocused/excessive reporting undermines an ARAC's ability to challenge and scrutinise – assurance maps remain underutilised as a tool in this area.

An ARAC's reporting requirements should be clearly defined in its Terms of Reference, but ultimately it is the committee's responsibility to ensure that it receives the necessary information. While most ARAC packs are manageable, there have been rare instances where packs have run to hundreds of pages; more concerning, however, is the risk that reporting is influenced by what the organisation believes its ARAC wants, which can result in critical gaps and limit assurance and oversight.

When reporting is unfocused or excessive, it undermines the ARAC's ability to challenge, scrutinise, and provide effective assurance. Overly large packs can bury critical information, while selective reporting risks blind spots in key areas. If an ARAC relies on what is presented, rather than what it actually needs, there is a danger of missing emerging risks, failing to spot weak controls, or overlooking compliance issues. Ultimately, this weakens governance, increases operational risk, and may even expose the organisation to reputational or financial harm.

Conversations with departmental ARAC chairs revealed that assurance mapping remains under-developed in many departments, with some lacking any formal assurance map altogether. Even where assurance maps exist, several chairs described their maturity as merely 'developing', citing weaknesses in ownership and inconsistent frameworks. A well-developed assurance map could directly address these issues by providing a comprehensive and structured overview of sources of assurance. This would help the ARAC to identify gaps, avoid duplication, and ensure that reporting is driven by actual assurance needs rather than assumptions, thereby strengthening oversight and increasing confidence in the information provided.

Bridging the gap – practical steps

- **Prioritised reporting:** An ARAC should define a core set of information requirements aligned to principal risks and controls, focusing on what's material, not just what's available.
- **Dynamic agendas:** Use risk-based agendas that adapt to changing priorities, ensuring time and attention is spent on the most pressing issues.
- **Executive summaries:** Mandate concise, decision-focused summaries for all reports, with supporting detail available but not front-loaded.
- **Digital dashboards:** Leverage data visualisation tools to provide real-time, interactive views of risk and assurance, making it easier to spot trends and gaps.
- **Regular review of reporting effectiveness:** Periodically assess whether reporting supports ARAC's purpose; refine requirements as risks and priorities evolve.
- **Feedback loops:** Create mechanisms for the ARAC to provide feedback on the usefulness of reports, driving continuous improvement and sharper focus.
- **Assurance Mapping:** Systematically map risks to sources of assurance, identifying overlaps, gaps, and areas needing deeper scrutiny.
- **Training and induction:** Ensure that ARAC members understand the organisation's risk universe and reporting framework, so they can challenge & request relevant data.

5. Coordinated assurance



Alignment between internal and external audit providers is often lacking; co-ordination can increase the value of assurance and efficient resource use.

ARAC members identified that coordination between internal and external audit providers is often lacking, leading to duplicated effort and wasted resources. This duplication not only consumes time but also limits the breadth of assurance available to the organisation.

Uncoordinated audit activities can result in overlapping reviews, missed opportunities to cover wider risk areas, and audit fatigue within the organisation. When internal and external audits focus on similar topics without clear distinction or communication, it can confuse stakeholders and reduce the overall value of assurance. Moreover, if external auditors cannot place reliance on internal audit work, this should be clearly communicated to avoid the perception of duplication and inefficiency between assurance providers.

- Underlying causes**
- Internal and external auditors may review the same areas but with different objectives or standards, which is not always clearly communicated.
 - Lack of structured engagement or information sharing between audit providers.
 - Lack of clear communication on reason of apparent overlap in areas covered.

Bridging the gap – practical steps

- **Joint planning:** Conduct joint horizon scanning and planning sessions between internal and external audit teams, sharing findings with the ARAC to clarify coverage, avoid duplication and clarify overlap.
- **Assurance Mapping:** Use assurance mapping to distinguish which risks and controls are covered by each provider, highlighting gaps and overlaps.
- **Audit plans aligned to standards:** Ensure that the internal audit plan reflects the work of other assurance providers, in line with Global Internal Audit Standards, and maintains clear boundaries.
- **Reliance protocols:** Where possible, enable external audit to place reliance on internal audit work, subject to meeting standards of independence and quality. Where this is not possible, the ARAC should challenge and seek clarity on the reasons.
- **Feedback and review:** Encourage the ARAC to review and feedback on audit coordination, driving continuous improvement and sharper assurance focus.

6. Networks and sharing best practice



Learning from others is highly valued by ARAC chairs; formalising learning in networks improves accessibility and overall effectiveness by promoting best practice.

ARAC chairs consistently value opportunities to learn from peers on emerging risks and best practice. Networks exist at cross-government, departmental, and local levels, but access is uneven especially for newer ARAC members and chairs, who often lack established connections. While some ARACs benefit from formal networks like the GIAA ARAC Members Events or departmental events, others rely on informal contacts and professional overlap. This patchwork approach leaves gaps in knowledge sharing and support.

Limited or inconsistent access to networks hampers learning, slows the spread of best practice, and can leave newer members isolated. Without strong networks, ARACs risk missing out on insights into current risks (such as cybersecurity or climate change), innovative assurance approaches, and peer support. This weakens the overall effectiveness of ARACs and increases the likelihood of duplicated mistakes or missed opportunities for continuous improvement across government.

- Underlying causes**
- Resource constraints make it difficult to develop and sustain networks, especially when benefits are hard to quantify.
 - Engagement relies on voluntary participation; experienced members may not see value in joining, reducing the pool of expertise.
 - New members and chairs lack established contacts, making it harder to access informal support and practical advice.

Bridging the gap – practical steps

- **Local clusters:** Departments could facilitate local clusters for their ALBs, either for all ARACs or grouped by operational similarity. Allow ARACs to set their own agendas, with departments providing logistical support.
- **Mentoring schemes:** Establish formal mentoring for new ARAC chairs, pairing them with experienced counterparts to accelerate learning and confidence.
- **Peer support groups:** Form clusters of new ARAC chairs to encourage open discussion, mutual support, and rapid knowledge transfer.
- **Network hubs:** Create online platforms for ARAC chairs to share resources, discuss issues, and access best practice in a secure environment.
- **Targeted networks:** Build specialist forums for ARACs with similar operational focus or scale, enabling tailored support and more relevant discussions, formalised sessions to share lessons learnt and discuss common challenges.

7. Reporting lines: Cross-cutting Risk Management



Inconsistent reporting from ALB ARACs to departmental ARACs can create patchy communication and obscure risks – especially cumulative ones.

Reporting from ALB ARACs to departmental ARACs is inconsistent. Some ALBs provide written updates, but most rely on informal feedback—often through personal conversations or overlapping membership. This ad hoc approach leads to patchy communication and can obscure key risks, especially those that span multiple ALBs. Many ARAC chairs / members feel that parent departments lack a clear understanding of the ALB risk landscape.

Informal and inconsistent reporting weakens oversight and risk management. Without clear processes, critical risks may not be escalated, and parent departments may miss the cumulative impact of issues across ALBs. This fragmented approach can result in isolated risk management, missed opportunities for early intervention, and a lack of strategic insight at departmental level.

- Underlying causes**
- Limited capacity and reluctance to formalise meetings between ALB and departmental ARACs.
 - Departments may perceive informal feedback as adequate and resist further formalisation.
 - Different risk management systems and reporting processes across ALBs and departments make harmonisation complex and resource-intensive.
 - Risks are often escalated via sponsor teams, who may log or resolve issues at their level. However, the same issue could be impacting several organisations across the department's ALB population.

Bridging the gap – practical steps

- **Structured written updates:** Require ALB ARACs to submit concise written updates to departmental ARACs and/or the Accounting Officer after each meeting, focusing on key issues and risks not adequately managed by the department.
- **Mapping and streamlining:** Undertake a mapping exercise to understand current informal feedback mechanisms; identify opportunities for streamlining or formalising these processes.
- **Formal one-to-one meetings:** Where capacity allows and depending on the number of ALBs, annual one-to-one meetings between departmental and ALB ARAC chairs should be scheduled.
- **Regular joint sessions:** Schedule periodic joint meetings between ALB and departmental ARACs to discuss cross-cutting risks, share insights and build understanding.
- **Risk aggregation:** An opportunity for departments to develop systems to consolidate and review risks from multiple ALBs, enabling the parent department to see collective exposures and trends.
- **Formal risk escalation:** Establish clear protocols for escalating risks that ALB ARACs believe are misunderstood or not sufficiently addressed, ensuring these are formally communicated and tracked.
- **Standardised reporting templates:** Introduce simple, standardised templates for ALB ARACs to report key risk and issues to the department. Making it easier to compare and aggregate information across the department.
- **Overlapping Memberships** – Departmental ARACs should consider a programme to encourage overlapping membership between ALB ARACs and the parent department.

8. Value for Money and Efficiency



Despite its centrality, there is no consistent good practice on Value for Money reporting by ARACs. Clarity on their role in this area enables stronger challenges.

Despite the centrality of ARACs to organisational oversight and governance, the approach to Value for Money and efficiency remains underdeveloped. Most ARACs address these topics only through annual reporting, with discussions tending towards the descriptive rather than the actionable. ARAC members stated that reports often lack sufficient granularity to inform departmental decision-making or drive improvement, and efficiency considerations are typically fragmented, with little evidence of overarching strategy or sustained focus.

GIAA found there is no consistent good practice across departments; annual VFM reports are common but rarely lead to tangible action, and efficiency is not embedded as a regular agenda item. To strengthen both assurance and impact, ARACs should clarify their role in promoting VFM and efficiency, moving beyond compliance to actively shape departmental culture and challenge management. This will require more targeted reporting and a commitment to embedding VFM and productivity into regular ARAC agendas.

Bridging the gap – practical steps

- Establish a **periodic cycle** for ARACs to review Value for Money and efficiency throughout the year, using established frameworks where available, such as the Government Efficiency Framework.
- Linked to organisation's efficiency agenda, **introduce regular, granular reporting on VFM and efficiency**, enabling ARACs to challenge efficiency plans, progress and areas for targeted intervention.
- Embed VFM and productivity as **standing items on ARAC agendas**, with explicit links to departmental objectives and culture.
- Provide **training for ARAC members** to enhance understanding of VFM and efficiency, and to support more effective challenge and scrutiny.



Conclusion

Audit and Risk Assurance Committees (ARACs) play a critical role in strengthening governance across government. The insights detailed within this report will support ARACs to remain resilient, responsive, and central to good public sector governance.

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